

By Email



March 9, 2005

Mr. Harry Stoller
Ms. Michelle Mishoe
Illinois Commerce Commission

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Oakbrook, IL 60523
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Re : Response to Request for Public Comment Concerning the Implementation
of Governor Blagojevich's Proposal for a Sustainable Energy Plan for
Illinois

Dear Mr. Stoller and Ms. Mishoe:

Primary Energy, Inc. is pleased to provide initial comments concerning Governor Blagojevich's proposed Sustainable Energy Plan. Headquartered in Oak Brook, Illinois, Primary Energy specializes in recycling waste energy to produce clean and affordable heat and power, such recycled energy being an alternative source of environmentally preferable energy. Recycled Energy is (1) electricity produced from exhaust heat from any commercial or industrial process; (2) waste gas or industrial tail gas that would otherwise be flared, incinerated or vented; and (3) electricity or equivalent mechanical energy extracted from a pressure drop in any gas, excluding any pressure drop to a condenser that subsequently vents the resulting heat.

The Governor's plan represents a significant step toward improving environmental performance of Illinois electric power. In its recommendation for an energy efficiency portfolio standard, the plan recognizes the importance of efficiency which often meets environmental goals and saves money, creating and/or protecting jobs. We believe that the proposed renewable portfolio standard should encourage all types of emissions-free energy, such as the production of electricity created by recycling industrial waste energy. Primary Energy has over 450 MW of recycled energy operating in Northern Indiana steel mills that uses no incremental fuel and produces no incremental pollution - - it is as clean and environmentally friendly as electricity from wind or solar. These existing projects accomplish all of the environmental goals of the RPS, as stated, and also lower electric costs.

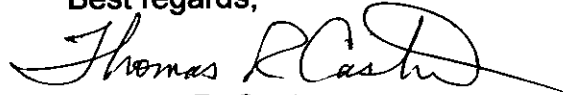
Recycled Energy involves converting waste energy from various industrial processes to heat and power rather than wasting it. Most industrial processes use energy once and then discard waste. These industrial processes burn fossil fuel to melt, distill, reshape or otherwise transform raw materials into more finished goods and then vent exhaust heat to the atmosphere. Some industrial processes produce by-product low-energy-content gases that contain pollutants and must be flared or incinerated in thermal oxidizers often burning more gas for pollutant destruction but then throw away the hot exhaust gas rather than recycling it to produce more energy. In other cases, industries and institutional campuses produce steam or other gas at relatively high pressures for distribution, and then lower the pressure at points of use with pressure reducing valves. Recycling this pressure drop to electric or mechanical

power produces clean energy, without producing additional pollution. We believe recycling of energy is an alternative source of environmentally preferable energy that is consistent with the Governor's intent to encourage clean energy throughout the state.

Illinois is host to many industrial processes that waste energy, and this program can encourage the recycling of the waste energy to lower pollution and costs. Most recycled energy will be generated at or near electric users and during their peak power use, thereby avoiding transmission and distribution capital and associated line losses. Illinois manufacturers will gain an added revenue stream, improving their ability to compete. Thus, recycled energy brings economic benefit – rather than cost – to industrial facilities, with correspondingly positive impacts for jobs in Illinois' manufacturing sector. We therefore believe that recycling of energy is an alternative source of environmentally preferable energy that has the ability to gain the support from the industrial sector.

Accompanying this letter, we are pleased to enclose an article we prepared for the U.S. Senate Energy Committee on recycled energy that shows the potential to recycle energy in every state, including Illinois as an alternative source of environmentally preferable energy. Primary Energy would welcome the opportunity to brief you more comprehensively on recycled energy, and arrange a visit to operating recycled energy projects in the region. Please contact me anytime at 630-371-0505 if you have additional questions or would like to arrange a briefing.

Best regards,

A handwritten signature in black ink, appearing to read "Thomas R. Casten", with a long, sweeping horizontal line extending to the right.

Thomas R. Casten
Chairman and CEO

cc: Governor Blagojevich
Commissioner Lieberman
Chairman Hurley